

Message Text

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TAGS: UNCTAD OECD ETRD

SUBJECT: OECD MEETING ON COMMODITIES - REVIEW OF UNCTAD INTEGRATED
PROGRAM OCTOBER 29-30

REF: STATE 251024

SUMMARY. THE TWO DAY DISCUSSION BY UNCTAD GROUP B
MEETING AT OECD WAS UNFOCUSED DUE LACK OF INSTRUCTIONS
FROM GOVERNMENTS AND NON OR LATE ARRIVAL
OF DOCUMENTATION. ALL DELEGATES EXPRESSED CONCERN THAT
GROUP B WILL NOT BE ABLE TO TAKE CONSTRUCTIVE
POSITIONS AT FORTHCOMING UNCTAD COMMITTEE ON COMMODITIES
WHICH COULD BE VERY DAMAGING TO NEWLY FOUND SPIRIT OF
COOPERATION EMANATING FROM 7TH SPECIAL SESSION OF UNGA.
MOST DELEGATES EXPRESSED MAJOR CONCERN OF ELEMENT OF
"INDEXATION" FOUND IN UNCTAD DOCUMENTATION ON INTEGRATED
PROGRAM WHERE EMPHASIS SEEMED TO BE ON MEASURES TO
MAINTAIN "REAL" PRICES OF COMMODITIES. MOST ALSO AGREED
THAT MAJOR FOCUS OF COMMITTEE ON COMMODITIES DISCUSSIONS
WILL BE ON UNCTAD SECRETARIAT'S SUGGESTIONS
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CONTAINED PARA 45 (AND FOLLOWING) OF DOC 193 FOR

ESTABLISHMENT OF COMMON FUND AND NEGOTIATING ARRANGEMENTS.
IT WAS DECIDED TO HOLD ANOTHER MEETING
DECEMBER 4 AND 5 FOLLOWING HIGH LEVEL GROUP WHICH GROUP B HOPED
WOULD DEVOTE ATTENTION TO PROBLEMS
PRESENTED BY FORTHCOMING COMMITTEE ON COMMODITIES MEETING.

1. THE OECD MEETING OF GROUP B ON THE UNCTAD INTEGRATED PROGRAM PREPARATORY FOR THE DEC 8-19 COMMITTEE MEETING WAS BASICALLY UNFOCUSED WITH MOST DELEGATES BEING UNABLE TO SPEAK EXCEPT IN THE MOST INFORMAL AND PRELIMINARY WAY. DOCUMENT TD/B/C.1/193, THE BASIC DOCUMENT FOR THE FORTHCOMING COMMITTEE MEETING, WAS ONLY DISTRIBUTED THE FIRST MORNING OF THE SESSION.

2. STRONG CONCERN WAS EXPRESSED BY MOST DELEGATES THAT THE WAY IN WHICH THE FORTHCOMING COMMITTEE ON COMMODITIES MEETING WAS HANDLED COULD HAVE A STRONG IMPACT ON THE "SPIRIT OF COOPERATION" EMANATING FROM THE 7TH SPECIAL SESSION OF THE UN GENERAL ASSEMBLY. THE FRG DELEGATE (KIPPER) SUGGESTED THAT PERHAPS GROUP B SHOULD CONTINUE TO SEEK FURTHER ELABORATION OF THE UNCTAD SECRETARIAT'S THINKING, BUT THE GENERAL CONSENSUS WAS THAT SUCH A POSITION WAS NO GENERAL SUPPORT FOR THE ESTABLISHMENT AT

THIS TIME OF A COMMON FUND (DESCRIBED AS PUTTING THE CART BEFORE THE HORSE), THE U.K. SUGGESTED ONE OF THE CRITICAL POINTS IN THE FORTHCOMING DISCUSSION IN GENEVA AND LATER IN NAIROBI AT UNCTAD IV WOULD BE FOR THE CONSUMERS TO INDICATE A WILLINGNESS IN PRINCIPLE TO PARTICIPATE IN THE FINANCING OF STOCKS, A POSITION SUPPORTED BY FRANCE, THE NETHERLANDS AND BELGIUM WHO ARGUED THAT FAILURE TO DO SO WOULD PLAY INTO THE HANDS OF THOSE ATTEMPTING TO ESTABLISH EXCLUSIVELY PRODUCER ASSOCIATIONS. FRG EXPRESSED ITS OPPOSITION TO CONSUMER PARTICIPATION IN FUNDING.

3. ONE MAJOR POINT NOTED BY ALL WAS THE STRONG ELEMENT OF INDEXATION CONTAINED IN SECRETARIAT PAPERS, PARTICULARLY TD/B/C.1/194, WHILE THE UK FELT THIS ELEMENT LIMITED OFFICIAL USE

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HAD BEEN TONED DOWN IN DOC 193 AS RESULT OF GROUP B CONSULTATIONS WITH SECRETARIAT. MOST OTHERS DID NOT AGREE, NOTING ABJECTIVE STATED PARA 7 (B) OF 193 STILL CALLED FOR MAINTENANCE OF COMMODITY PRICES IN REAL TERMS TAKING INTO "FULL" ACCOUNT INFLATION. ALL DELEGATES AGREED THAT THIS OBJECTIVE WAS UNACCEPTABLE IN PRINCIPLE, MOST ARGUING THAT INFLATION MUST BE VIEWED AS ONE OF MANY ELEMENTS TO BE CONSIDERED IN

ANY PRICE RENEGOTIATIONS UNDER COMMODITY AGREEMENTS.

4. IT WAS GENERALLY AGREED THAT SERIOUS ATTENTION WOULD NOW HAVE TO BE FOCUSED ON THE POSITION TO BE ADOPTED BY GROUP B AT THE COMMITTEE ON COMMODITIES MEETING SOME THREE WEEKS HENCE AND THAT MOST LIKELY THE DISCUSSIONS IN THE COMMITTEE ITSELF WOULD NOT FOCUS ON SUBSTANTIVE ISSUES OF INDIVIDUAL COMMODITIES, BUT RATHER THE SECRETARIAT'S CALL IN PARAS 45 AND FOLLOWING OF DOC 193 FOR THE ESTABLISHMENT OF A COMMON FUND AND A NEGOTIATING FRAMEWORK PARALLELING THAT ESTABLISHED BY THE 1973 TOKYO DECLARATION ON MULTILATERAL TRADE NEGOTIATIONS. THERE SEEMED LITTLE SUPPORT FOR ANY NEW NEGOTIATING MECHANISM, WITH SEVERAL DELEGATES NOTING THAT THE COMMITTEE ON COMMODITIES, AND THE TRADE AND DEVELOPMENT BOARD ITSELF PROVIDED SUFFICIENT FORA FOR FUTURE DISCUSSIONS FOLLOWING UNCTAD IV. MANY DELEGATES URGED THAT THE HIGH LEVEL GROUP ON COMMODITIES MEETING IN PARIS THIS WEEK AND IN THE FIRST WEEK OF DECEMBER CONCENTRATE ON DRAWING TOGETHER A GROUP B POSITION OF THE FORTHCOMING UNCTAD COMMITTEE MEETING. ALL FELT THE NEED FOR SOME SORT OF DEFINITION OF INTER-RELATIONSHIP BETWEEN THE PRODUCER/CONSUMER DIALOGUE AND THE ACTIVITIES OF UNCTAD.

5. THE TURKISH DELEGATE, WHILE DISCLAIMING ANY INSTRUCTIONS AND ADMITTING HE MIGHT BE OVERRULED WHEN INSTRUCTIONS WERE RECEIVED, POINTED OUT THAT THE INTEGRATED PROGRAM CUT TWO WAYS AS FAR AS DEVELOPING COUNTRIES WERE CONCERNED. TURKEY, AS A COMMODITY IMPORTING DEVELOPING COUNTRY, COULD NOT STAND TO BENEFIT FROM THE PROGRAM AS IT WAS NOW CONSTITUTED (A REACTION VERY SIMILAR TO THAT EXPRESSED BY AN INDIAN DELEGATE IN GENEVA).

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6. IT WAS AGREED THAT THE NEXT MEETING OF GROUP B UNDER OECD AUSPICES SHOULD FOLLOW IMMEDIATELY AFTER THE HIGH LEVEL MEETING, PROVIDED THE OECD SECRETARIAT CAN MAKE AVAILABLE FACILITIES FOR THE 4TH AND 5TH OF DECEMBER.

7. COMMENT: WHILE MOST DELEGATES FELT THAT THE UNCTAD PROPOSALS FOR AN INTEGRATED PROGRAM MUST BE FACED SQUARE ON AT THE DECEMBER MEETING OF THE UNCTAD COMMITTEE ON COMMODITIES, BOTH THE FRG AND JAPANESE DELEGATES SEEMED TO BELIEVE THAT THE US PROPOSALS FOR DEVELOPMENT SECURITY FUND SHOULD COMPLETELY DEFUSE THE ISSUE. THIS OPINION WAS NOT SHARED BY OTHERS, INCLUDING THE US DELEGATE.DALE

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